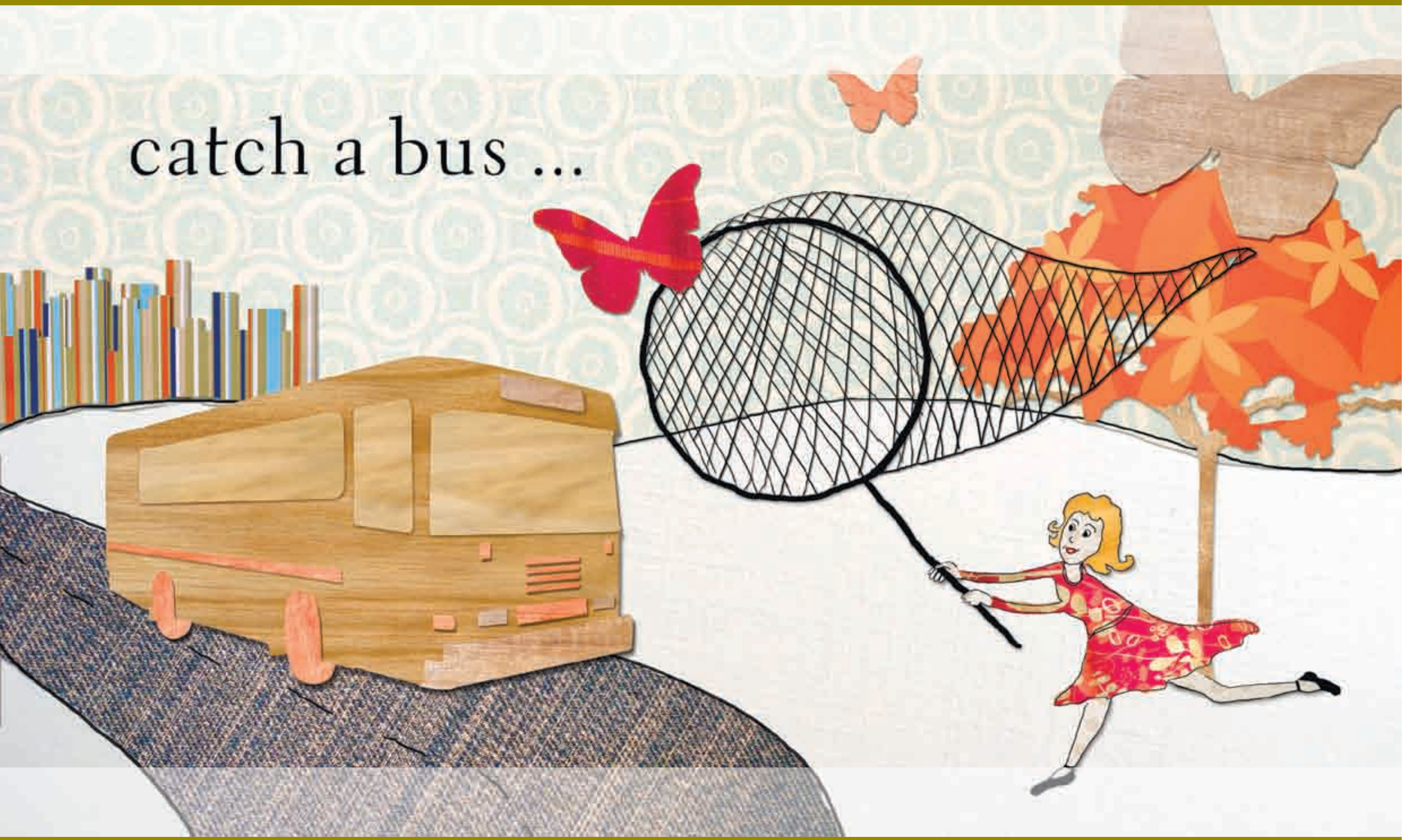
Metro Tasmania Pty Ltd Annual Report



07/08

Metro

Introduction

The Principal objective of Metro Tasmania Pty Ltd is defined in the Metro Tasmania Act, 1997. It is:

"To provide, road passenger transport services in Tasmania and to operate those services in a manner consistent with sound commercial practice."

This legislation was enacted in February 1998 and established Metro Tasmania Pty Ltd as a State Owned Company operating under Corporations Law.

Metro Tasmania Pty Ltd has evolved from the former Metropolitan Transport Trust (MTT), which itself was formed in 1954 by the transfer of urban public transport services operated by the Hobart and Launceston City Councils to the Tasmanian Government. In 1959, MTT extended its operations to include urban bus services within the Burnie Municipality.

Metro provides a broad range of urban passenger transport bus services within Hobart, Launceston and Burnie, as well as between Wynyard, Burnie and Ulverstone. These services are specified within a Community Service Activity contract between Metro and the Department of Infrastructure, Energy and Resources (on behalf of the State Government). Full details of the general route services and special student services provided by Metro can be obtained by searching Metro's website at **www.metrotas.com.au.**

Metro also provides a range of local and statewide charter services, as well as special event and community services (such as for the Hobart Show).

In its Corporate Plan Metro has identified its "vision" as *achieving excellence in passenger transport services* and its "mission" *as providing safe, reliable and quality road passenger transport services that balance stakeholder needs and sound commercial practices.*

Metro's Corporate Plan also sets out the Goals, Targets and Strategic Actions that Metro will be pursuing over the next three years in pursuit of its vision.

Metro primarily operates services in metropolitan areas along with a small number of regional services. The regional services are delivered under individual route contracts with the Department of Infrastructure, Energy & Resources. They include services to Bothwell, Kingston, Blackmans Bay, the Channel and New Norfolk.

Metro is the registered trading name of Metro Tasmania Pty Ltd. Hobart Coaches is the registered trading name for Metro's regional services division.

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Company Directory

Nature of Business:	Provision of bus transport services
Issued Capital:	Two shares of $1.00 each
Registered Office:	212 – 220 Main Road Moonah, Tasmania
ABN Number:	30 081 467 281
Directors:	Sally Denny, Chairperson Michael Wisby, Deputy Chairperson Robert Flanagan Robert Pearce Lynn Mason Tracy Matthews
Shareholders:	Crown of Tasmania
Senior Managers:	Tony Sim, Chief Executive Officer Jeff Dallas, Group Manager Operations & Engineering Jack Lane, Manager Business Development (part year) Nicole Brigg, Executive Manager Business Development (part year) Anita Robertson, Chief Financial Officer (part year) Navin Ram, Acting Chief Financial Officer (part year) Alison Ball, Manager Human Resources
Bankers:	Commonwealth Bank of Australia 81 Elizabeth Street Hobart, Tasmania
Auditor:	Auditor – General Tasmanian Audit Office 144 – 148 Macquarie Street Hobart, Tasmania

Principal Offices

Hobart

Address:	Head Office 212-220 Main Road, Moonah, Tas
Postal Address:	PO Box 61, Moonah, 7009
Telephone:	(03) 6233 4232
Facsimile:	(03) 6272 8770

Launceston

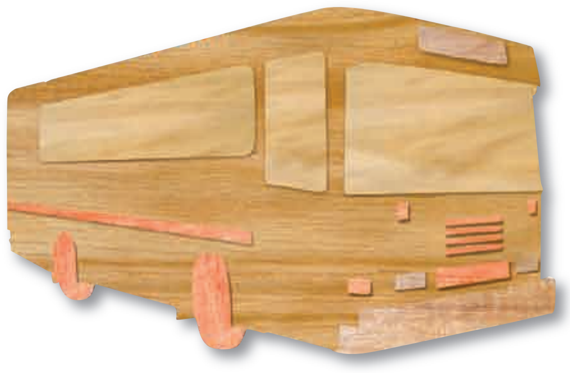
Address:	168 Wellington Street, Launceston, Tas
Postal Address:	PO Box 578, Launceston, 7250
Telephone:	(03) 6336 5888
Facsimile:	(03) 6336 5899

Burnie

Address:	28 Strahan Street, Burnie, Tas
Postal Address:	PO Box 182, Burnie, 7320
Telephone:	(03) 6431 3822
Facsimile:	(03) 6431 9336

Other contacts

E-mail:	correspondence@metrotas.com.au
Website:	www.metrotas.com.au
The Metro Shop:	Hobart GPO Elizabeth Street Bus Station Hobart, 7000



Chairperson's Review

The 2007/08 financial year was a challenging one for Metro.

As was the case with most businesses, increases in fuel prices impacted adversely on our operation, contributing significantly to the $300,000 loss before income tax and $259,000 loss after income tax.

Importantly, Metro continued to examine ways it could be more efficient in the use of fuel, including maintaining a watching brief on alternative fuel options and other emerging technologies, including hybrid powered buses that are appropriate for the company.

Metro also examined the merits of bio-diesel. This has some appeal – there is no major capital investment required and Metro's fleet, including new and existing vehicles, can be modified to use various mixtures of bio-diesel.

Overall urban patronage decreased slightly in 2007/08 compared to the previous financial year.

Pleasingly, while Launceston patronage initially declined in the five months to November 2007, it improved over the remaining seven months of the financial year to record a slight net increase. The recovery in patronage was due to a positive response to a review of Launceston timetables.

The review and upgrade of services to the Kingston area in Hobart continued in 2007 and a number of service changes were introduced. The changes were well accepted with increases in patronage recorded, especially during off-peak periods.

A similar review commenced for services on the eastern shore of Hobart between Risdon Vale and Lauderdale. At the conclusion of this review Metro is planning to publish new easy-to-read colour timetables and introduce new, more relevant routes as was done in Launceston.

It is pleasing to report that Metro was recognised for its commitment to safety when it was presented with a 2007 Workplace Safe Award for the best solution to an identified workplace health and safety issue. The safety solution implemented reduces the potential risk of injury to bus operators and significantly reduces the risk to the general public and property.

A passenger Code of Conduct for all people travelling on Metro buses was launched in February 2008.

This was one of four initiatives aimed at making bus travel safer and more comfortable for drivers and passengers. The other three are driver aggression awareness training developed in conjunction with Tasmania Police, trials of driver protective screens in new buses and the commitment to fit video cameras in all our buses.

In 2008/09 Metro will introduce a new smart card ticketing system.

In December 2007 Metro announced that German-based INIT, a company that specialises in electronic fare collection and intelligent transport systems for public transport, had been selected as the preferred tenderer for the delivery of the new system.

INIT's smartcard system is based on the best available technology.

The new system is expected to be operational in Burnie in November 2008, followed by Hobart and Launceston in 2009.

Metro's commercial objectives will remain largely unchanged in 2008/09. They are to maximise passenger and contract revenues, control and reduce operating costs, ensure the availability of adequate operating and capital funds, maximize net returns from ancillary activities and explore new business opportunities.

In addition, the company will develop an environmental strategy to respond to climate change. This will incorporate a plan to reduce Metro's carbon footprint and a commitment to work with all levels of government to promote public transport as a key way for combating carbon emissions.

In 2007/08, Metro welcomed three new Directors, Ms Tracy Matthews, Ms Lynn Mason and Mr Robert Pearce to the Board. These appointments followed the resignation of Ms Janie Finlay in October 2007 and Mrs Ketrina Clarke in March 2008. Mrs Clarke had served for a period of nine years and Ms Finlay for four years and both made significant contributions to Metro.

In closing I would like to thank my fellow directors, the management team, led by CEO Tony Sim, and all our employees for their contributions to the delivery of our services during the year.

Sally Denny
Chairperson

Chief Executive Officer's Review

Working to increase our patronage must continue to be Metro's prime focus.

It is therefore not difficult to understand why our goals to develop and deliver regular passenger transport services to meet customer needs and to continually improve the reliability, safety and quality of services are so important to the organisation.

In 2007/08 Metro carried 9,676,000 people, slightly down (0.3 per cent) when compared to the previous year. Adult concession patronage increased by about five per cent while full fare adult patronage fell by one per cent and child/student patronage by slightly more than four per cent. The increase in adult concession patronage and the fall in full adult fare patronage is attributed to a change in fare structures. The reduction in child/student patronage is due to a significant reduction in the use of free travel passes issued by the Department of Infrastructure, Energy and Resources (DIER).

Patronage on regional services out of Hobart grew in 2007/08. New Norfolk services increased by nearly five per cent and in the Channel by nearly two per cent. There was a slight decline in passengers on the Bothwell service.

During the period covered by this report, Metro took delivery of four fully accessible air-conditioned buses, including a 14.5 metre long steerable rear axle bus. Delivery of a further 18 standard 12.5 metre buses is expected during the next financial year.

A significant objective of the bus replacement program is to progressively make services fully accessible, particularly to wheelchair-based passengers in accordance with Metro's Disability Discrimination Act action plan.

As at 31 July 2008, 46 buses in the Metro fleet were wheelchair accessible. All buses currently being purchased will be accessible and will be fitted with air-conditioning consistent with Metro's focus on improving customer comfort levels and the working environment for its employees. The vehicles will also feature low emission Euro 4 and 5 diesel engines that will assist with our efforts to deliver an environmental strategy to respond to the need to reduce carbon emissions.

In 2007/08 Metro invested significant resources on service reviews in Launceston and Hobart.

In Launceston Metro introduced a major new services timetable. The changes included new timetables and evening services, improved weekend services, simplified bus routes and easier to remember timetables.

Prior to the introduction of the changes, Metro undertook a comprehensive review of Launceston bus services to ensure our resources were used to the maximum benefit for the Launceston community.

As outlined in the Chairperson's report, the service changes were well received.

In Hobart, Metro launched a new bus advertising campaign – Go Bus The Metro Advantage – to reinforce to commuters that our buses are safe, environmentally-friendly, affordable and reliable. The launch of the campaign coincided with the introduction of a new expanded timetable in Kingston and Blackmans Bay.

Under the changes Metro introduced a new Summerleas Road Service and a Southern Connector bus service to link Kingston with Taroona and Sandy Bay.

Some changes to other Hobart services were introduced at the same time. These included changes to the Busy Bee timetable to resolve late running problems, Risdon Vale and Lindwood Saturday services, the Chigwell Doorstopper, the Moonah shopping services, South Arm school services and the cessation of the Botanical Gardens service.

A review of services on Hobart's eastern shore was also undertaken during the year. As a result, Metro will be making changes to better meet the needs of customers in late 2008.

The overall aim of all of these reviews is to increase patronage and encourage more people to travel on Metro buses.

Work continued in 2007/08 on the introduction of a new ticketing system.

After finalisation of a comprehensive specification, a tender was called and assessed and a contract awarded in December 2007 to German Company INIT.

Based on the best available technology, a new electronic fare collection system will make travelling on Metro buses easier, as well as enabling Metro to introduce a range of new travel products.

The Metro system includes a credit card-sized smart card, to be known as the Metro Greencard, which is read electronically in a fraction of a second assisting passengers to board buses more easily and quickly.

The card contains an electronic purse that can be added to in a number of ways. The cost of the trip is deducted from the card's 'purse' whenever a passenger travels on a Metro bus.

Metro commenced accepting the Tasmanian Government's Companion Card in 2007/08. Under the program, cardholders who buy a ticket or pay an entry fee at affiliated businesses receive another ticket for their companion carer at no extra charge.

Metro's overall objective has always been the provision of high quality bus services that are safe, reliable and accessible to the community. Improving access for people with disabilities to all Metro bus services is obviously important. Metro's involvement in the Companion Card program will enhance the company's ability to deliver on this outcome.

As mentioned in the Chairperson's report, a passenger Code of Conduct for all people travelling on Metro buses was officially launched. The Code sets out behaviours expected of passengers when travelling on Metro buses.

Metro and its drivers commit to operating Metro buses in a safe and appropriate manner at all times with passenger safety of paramount importance. It is only fair and reasonable then that passengers agree to observe the key points outlined in the Code.

The Code, jointly developed by Metro and the Rail, Tram and Bus Union, is displayed on all buses.

On a similar subject, Metro's very strong relationship with Tasmania Police continued in 2007/08, with four police officers working from Metro's Hobart depot. The police officers undertake uniform and plain clothes duties on Metro services primarily in the south. Their duties include random patrols on buses and in bus interchanges.

Last year I reported that Metro and a number of local councils formed a 'partnership' and applied for Commonwealth Government grant funding under the National Community Crime Prevention Program (NCCPP).

Two councils, Launceston City Council and Clarence City Council, were successful in their applications. The money provided under the scheme will contribute to the installation of video surveillance and recording facilities on Metro vehicles, at bus malls and key bus stops.

In last year's annual report I noted that Metro was the first bus company in Australia to be accredited to undertake its own vehicle inspections under the National Heavy Vehicle Accreditation Scheme (NHVAS).

Under the scheme, Metro was required to complete a bus maintenance system entry audit and a follow up compliance audit within six months of entry to the scheme.

Metro was successful in both audits and has received notification and a certificate from DIER stating that it is satisfied Metro has in place a maintenance management system that is being used and adheres to the relevant standards.

Metro manages a small portfolio of sponsorship agreements and partners, which includes a number of community-based organisations. The agreements are aligned to branding and profile-building opportunities within key client groups of bus users, and have a focus of encouraging long-term support and loyalty.

Metro also sees itself as being a good corporate citizen and undertakes a range of activities that support worthwhile community projects and events.

During 2007/08 Metro sponsored the following:

- Neighbourhood Watch Tasmania Inc
- Junior Netball
- Point to Pinnacle run
- Police Citizen and Youth Club Bridgewater
- Hobart Christmas Pageant
- CANTEEN
- Road Safety Task Force
- Operation NOAH
- Seniors' Week
- Holyoake
- Colony 47
- Hobart Summer Festival
- Lions Club
- ABC Giving Tree

Metro also contributes to the community by donating transport services for a variety of causes.

Metro, and Metro staff, actively work within the Tasmanian community to support improved outcomes for those most in need.

Tony Sim
Chief Executive Officer

Statistics and Performance Indicators

Passenger Levels

Overall urban patronage fell by around 0.3% in 2007/08. There was growth in Adult Concession patronage (+5.3%), with full fare Adult patronage falling by 1.0% and Child/Student patronage declining by 4.2%. While there was growth in some categories of adult passengers, this was offset by falls in student patronage, in particular students travelling to school for free declined by 7.4%. The increase in adult concession patronage and the fall in full adult fare patronage are attributed to a change in fare structures where the cost of a short distance full adult fare travel was increased to a level above that of the single adult concession fare which in turn made the concession fare more attractive for eligible customers.

For the different urban centres, Launceston patronage initially declined in the five months to November 2007 but then improved for the remainder of the year for a net increase of +0.1%. The recovery in patronage was due to a positive response to a review of Launceston timetables which was implemented in late November 2007. The review resulted in the implementation of higher frequency services on core routes and improved off peak services during later evenings and the weekends.

Patronage fell in Hobart by 0.3% and Burnie by 1.6%. Both falls are attributed to decline in students travelling to and from school.

Regional services patronage grew in 2007/08 with New Norfolk services increasing by 4.7% and Channel by 1.8%. Bothwell service declined slightly (-0.9%).

There was growth in all categories of regional patronage except students travelling to and from school, which declined by 4.5%.

Table 1 - First Boardings by Passenger Category – Route Services

Passenger Category	Number of Trips		% Composition		Increase (Decrease) to Previous Year
	2006/07	2007/08	2006/07	2007/08	
	000's	000's	%	%	%
Adult Full Fare	2,008	1,988	24.0	23.0	(1.0)
Adult Concession	2,801	2,949	33.5	33.4	5.3
Child & Student	3,555	3,406	42.5	40.7	(4.2)
TOTAL:	**8,364**	**8,342**	**100.0**	**100.0**	**(0.3)**

Notes: Figures may not add up exactly due to rounding.

Total boardings (including transfers and charter operations) fell by 269,000 (Table 2)

Table 2 – Total Passenger Trips (including transfers and charter services)

	Hobart	Launceston	Burnie	Total Urban	Regional (ii)
1997/98	7,390,000	1,993,000	613,000	9,996,000	
1998/99	7,165,000	1,855,000	548,000	9,568,000	
1999/00	7,056,000	1,807,000	516,000	9,379,000	
2000/01	7,167,000	1,950,000	509,000	9,626,000	
2001/02	7,191,000	1,903,000	532,000	9,626,000	
2002/03	7,177,000	1,819,000	546,000	9,542,000	
2003/04	7,243,000	1,847,000	530,000	9,620,000	
2004/05	7,159,000	1,794,000	502,000	9,455,000	
2004/05 (i)	7,579,000	1,794,000	502,000	9,875,500	149,143
2005/06 (i)	7,641,000	1,770,900	500,000	9,911,000	149,217
2006/07 (i)	7,668,000	1,766,000	511,000	9,945,000	145,114
2007/08 (i)	7,448,000	1,733,000	494,000	9,676,000	130, 536

(i) Includes patronage associated with Kingston and Blackmans Bay services. Prior to 2004/05 patronage to Kingston and Blackmans Bay was included with Regional services.

(ii) Regional services includes New Norfolk, Channel, Bothwell and Richmond to (February 2007). Richmond annual patronage was approximately 25,000 pa.

Metro's student/child fare has been held fixed since 1996. As a consequence there has been a gradual decline in the proportion of child/student passengers using pre-paid tickets, with this figure falling from two-thirds to less than half over this period. This compares with the full fare adults where there has been an increase from 32% to 40% over the same period.

Table 3 – Trends in Prepaid Ticket Use as a % of First Boardings for Different Passenger Categories.

	Adult Full Fare	Adult Concession	Child/Student	Total All Categories
	%	%	%	%
1997/98	32.3	22.9	66.3(ii)	50.9(i)
1998/99	31.9	22.1	62.8(ii)	49.9(i)
1999/00	32.0	20.7	63.0(ii)	48.6(i)
2000/01	33.3	20.2	62.2(ii)	47.7(i)
2001/02	33.3	20.2	60.7(ii)	46.4(i)
2002/03	34.0	20.0	59.5(ii)	46.2(i)
2003/04	34.5	20.3	58.2(ii)	46.6(i)
2004/05	34.3	22.4	55.2(ii)	46.8(i)
2004/05 (iii)	35.3	22.4	53.2(ii)	46.2(i)
2005/06 (iii)	36.4	22.6	50.2(ii)	45.8(i)
2006/07 (iii)	38.8	23.1	48.0(ii)	45.6(i)
2007/08 (iii)	39.7	26.5	44.6(ii)	45.1(i)

(i) Total All Categories - free trips made by eligible school children are included as "pre-paids".

(ii) Child/Student statistics exclude free school trips.

(iii) Includes patronage associated with Kingston and Blackmans Bay services. Prior to 2004/05 patronage to Kingston and Blackmans Bay has been excluded.

Metro Fleet and Workforce

Metro now has accessible buses in all centres. Table 4 shows the proportion of the fleet that is accessible, as well as the proportion of general route services that are delivered by accessible buses in each centre.

Table 4 – Percentage of Metro(i) General Route Services Delivered by Accessible Buses (as at 30 June 2008)

	Hobart	Launceston	Burnie	State
% Fleet Accessible	28.08%	16.33%	20.00%	24.76%
% Weekly Trips(ii)	38.76%	20.41%	39.25%	34.51%

(i) Includes services for Kingston and Blackmans Bay, and the combined Metro plus Hobart Coaches fleets.

(ii) This is the percentage of services operated with an accessible bus, not the percentage advertised as accessible. The percentage may fall on a given day if a number of accessible buses are not available for some reason.

Table 5 – Number of Buses in Service (as at 30 June 2008)

	Hobart Coaches Fleet	Hobart	Metro Fleet Launceston	Burnie	Total
M.A.N.	1	8	4	2	15
Scania	4	80	36	10	130
Scania Low Floor (12.5m)	-	31	8	3	42
Scania Low Floor (14.5m)	-	4	-	-	4
Volvo Articulated	-	18	1		19
Totals	**5**	**141**	**49**	**15**	**210**
Special Bus Features :-					
Accessible Buses	-	35	8	3	46
Video Surveillance	3	49	11	3	66
Air Conditioned	3	23	-	-	26

Table 6 – Metro Workforce and Fleet Utilisation Statistics

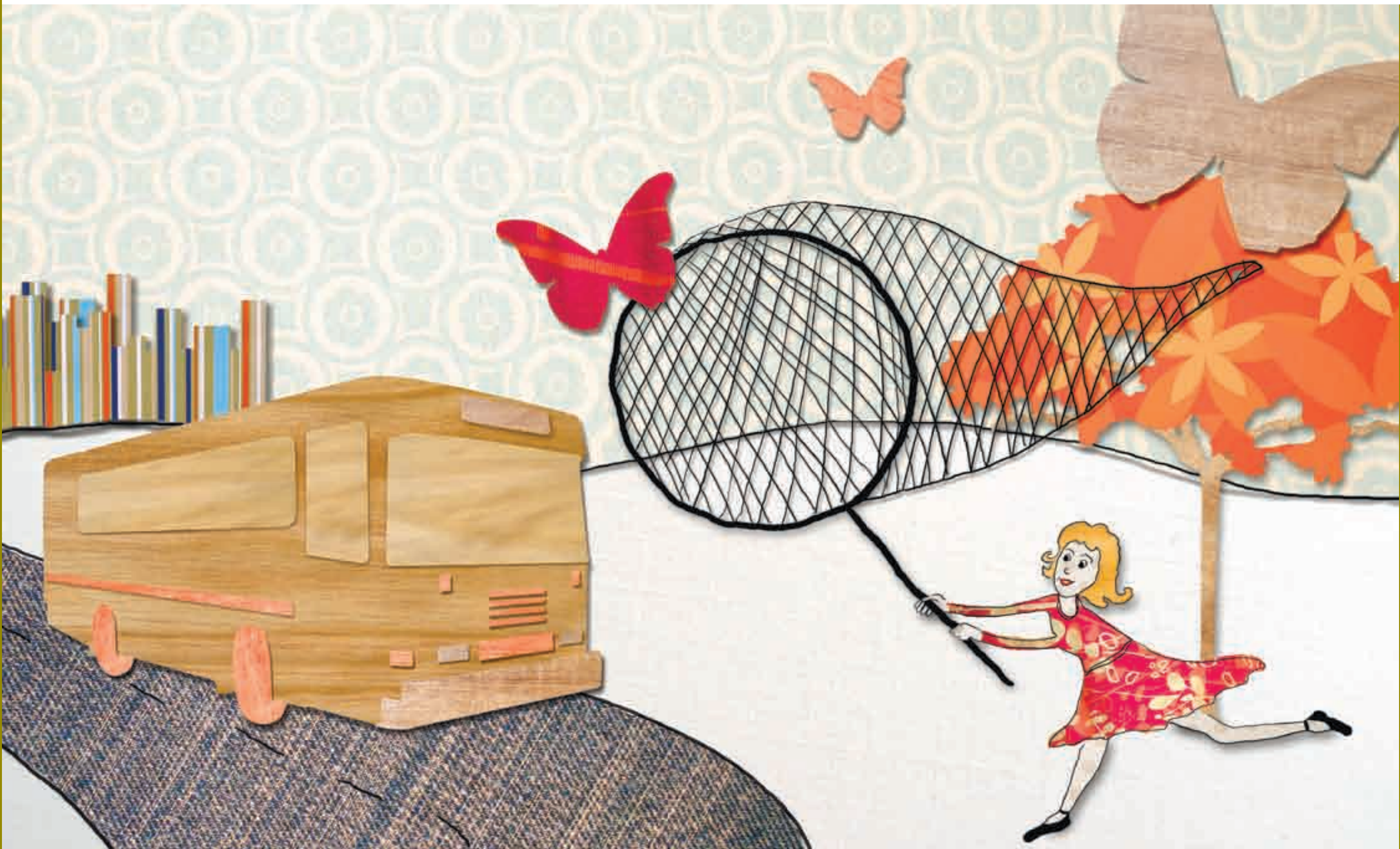
	2006/07	2007/08
Average FTE's per vehicle	1.78	1.91
Sick leave days per full time equivalent employee	7.21	7.06
Number of workers' compensation lost time injury claims	26	32
Number of employees at 30 June	454	448
Number of full-time equivalent employees at 30 June	389	392
Number of employees entering service	51	47
Number of employees leaving service	47	53

Web Site

Metro provides access to a wide range of information through its web site: www.metrotas.com.au. The site provides a comprehensive source of information on Metro and its services. Information on Hobart Coaches services can be obtained through the links from the Metro web site.

Public Interest Disclosures

Metro is required to establish procedures for the disclosure and investigation of improper conduct or detrimental action. These procedures have been made accessible via Metro's web site. No disclosures were made to or about Metro during the financial year.



Directors' Report

The Directors of Metro Tasmania Pty Ltd present the annual financial report for the year ended 30 June 2008.

Principal activities

Metro's principal activity during the financial year was the provision of bus passenger transport services in the Tasmanian urban centres of Hobart, Launceston and Burnie and to some regional centres around Hobart.

Review of operations

For the year ended 30 June 2008 Metro recorded a loss before income tax of $300,000 (2007:profit of $307,000) and a loss after tax of $259,000 (2007: profit of $184,000).

A detailed review of operations is contained in the Chairperson's Review and in the Chief Executive Officer's Review.

Dividends

The Directors do not recommend payment of a dividend this year. No dividend was paid from the profit recorded in the year ended 30 June 2007.

Changes in state of affairs

There were no significant changes in the state of affairs of the company that occurred during the financial year under review.

Superannuation Declaration

The company has met its obligations under the *Superannuation Guarantee (Administration) Act 1992* in respect to those employees who are members of a complying superannuation scheme to which Metro contributes. The company also has a defined benefit scheme, under the *Retirement Benefits Act 1993,* which is subject to actuarial valuations and covers current and former employees.

Subsequent events

There has not been any matter or circumstance other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operation of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

Likely future developments

Metro will continue to pursue with its mission of providing safe, reliable and quality road passenger transport services that balance stakeholder needs and sound commercial practices. This will require further capital expenditures on new buses, route infrastructure, fare collection systems and support facilities. In addition, Metro will maintain a watching brief on alternative fuels.

Rounding off of amounts

Metro is a company of the kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order amounts in the Directors' report and the financial report have been rounded off to the nearest thousand dollars.

Directors

Names of directors in office during and since the end of the financial year are set out in Note 21 of the financial statements. Directors are appointed for rolling terms of three years. The Chairperson is appointed annually by the shareholders.

Corporate Governance

The Board of Directors is responsible for the overall corporate governance of the company. Corporate governance is the system by which the activities of a company are controlled and coordinated in order for the company to achieve its desired outcomes.

As a state owned company the Board is responsible to its shareholders, the Minister for Infrastructure and the Treasurer in meeting the aspirations of the state government and the Board directs management accordingly.

The Board performs this role by:

- Appointing and monitoring the performance of the Chief Executive Officer;
- Clearly identifying and enunciating the strategic direction for Metro;
- Identifying and addressing the principal risks for Metro;
- Monitoring the conduct and performance of the company through an integrated framework of controls;
- Ensuring all Metro's business is conducted in an honest, open and ethical manner; and
- Ensuring adequate succession planning is undertaken

Directors' remuneration

Fees paid to Directors are set by the Minister representing the Crown. Details are set out in Note 21 of the financial statements.

During the twelve months, no Director has received, or become entitled to receive, a benefit by reason of a contract made by Metro with a Director or with a firm of which he or she is a member or an entity in which he or she has a financial interest.

Remuneration Committee

The Remuneration Committee comprises three non-executive Directors and the CEO. This committee oversees remuneration practices and policies in relation to senior executives of the Company.

Audit and Risk Management Committee

Metro has an audit committee, which comprises three Directors and is chaired by the Deputy Chairperson of the Board. The audit committee has a documented charter, approved by the Board. The committee's responsibilities under its charter include consideration and monitoring of matters relating to external reporting, risk management, internal and external audit functions.

Auditor's independence declaration

The accounts of the Company are independently audited by the Tasmanian Auditor General. The Auditor General has provided the Directors with an Independence Declaration as required under section 307C of the *Corporations Act 2001*.

Indemnification of Directors and Officers

During the financial year Metro paid a premium in respect of a contract insuring the Directors of Metro, all executive officers of Metro and its related body corporate against potential liabilities to the extent permitted by Corporations Law.

Signed in accordance with the resolutions of the Directors made pursuant to Section 298 (2) of the *Corporations Act 2001* on behalf of the Directors.

Dated at Hobart this 25th day of September 2008.

Tasmanian Audit Office

Ground Floor, 144 - 148 Macquarie Street
Hobart Tasmania 7000
Postal Address
GPO Box 851
Hobart Tasmania 7001
Phone: 03 6226 0100
Fax 03 6226 0199
e-mail admin@audit.tas.gov.au

19 August 2008

The Board of Directors
Metro Tasmania
PO Box 61
Moonah TAS 7009

Dear Board Members

Auditor's Independence Declaration

In accordance with section 307C of the *Corporations Act 2001*, I provide the following declaration of independence.

As the auditor of the financial report of Metro Tasmania Pty Ltd for the financial year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Pursuant to section 298(1)(c) a copy of this declaration must be included in the Directors' report.

Yours sincerely

H M Blake
AUDITOR-GENERAL

Accountability on Your Behalf

Directors' Declaration

In the opinion of the Directors of Metro Tasmania Propriety Limited (the "Company"):

(a) the attached financial statements and notes are in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the financial position of the Company and the Consolidated Entity as at 30 June 2008 and of its performance, as represented by the results of their operations and its cash flows, for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Act 2001;* and

(b) there are reasonable grounds to believe that the Company and the Consolidated Entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001.*

On behalf of the Directors

Sally Denny	Michael Wisby
Chairperson of the Board of Directors	**Member of the Board of Directors**

Dated at Hobart this 21st day of August 2008.

Tasmanian Audit Office

INDEPENDENT AUDIT REPORT

STRIVE | LEAD | EXCEL | TO MAKE A D

To the Members of Metro Tasmania Pty Ltd

Financial Statements for the Year Ended 30 June 2008

Report on the Financial Statements

I have audited the accompanying financial statements of the Company, which comprise the balance sheet as at 30 June 2008, the income statement, statement of recognised income and expenses and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration on the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

The Responsibility of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
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Making a Difference

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001,* provided to the directors of Metro Tasmania Pty Ltd dated 19 August 2008 and included in the Directors' Report, would be unchanged if provided to the directors as at the date of this audit report.

Auditor's Opinion

In my opinion the financial statements of Metro Tasmania Pty Ltd are in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of Metro Tasmania Pty Ltd's and the consolidated entity's financial position as at 30 June 2008 and of their financial performance for the year ended on that date, and

(b) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001.

TASMANIAN AUDIT OFFICE

H M Blake
AUDITOR-GENERAL
HOBART
26 August 2008

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Making a Difference

Balance Sheet

As at 30 June 2008

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Current assets					
Cash and cash equivalents	7	**9,000**	13,446	**9,000**	13,446
Trade and other receivables	8	**713**	609	**713**	609
Inventories	9	**919**	849	**919**	849
Assets held for sale	10	**861**	67	**861**	67
Other current assets	11	**696**	564	**696**	564
Total current assets		**12,189**	15,535	**12,189**	15,535
Non-current assets					
Property, plant and equipment	12	**38,702**	36,889	**38,702**	36,889
Intangible assets	13	**346**	367	**346**	367
Deferred tax assets	6	**9,848**	10,038	**9,848**	10,038
Total non-current assets		**48,896**	47,294	**48,896**	47,294
TOTAL ASSETS		**61,085**	62,829	**61,085**	62,829
LIABILITIES					
Current liabilities					
Trade and other payables	14	**3,649**	2,621	**3,756**	2,728
Borrowings	15	**-**	2,792	**-**	2,792
Employee benefits	16	**8,418**	8,178	**8,418**	8,178
Total current liabilities		**12,067**	13,591	**12,174**	13,698
Non-current liabilities					
Employee benefits	16	**14,317**	14,454	**14,317**	14,454
Deferred tax liabilities	6	**5,162**	5,269	**5,162**	5,269
Total non-current liabilities		**19,479**	19,723	**19,479**	19,723
TOTAL LIABILITIES		**31,546**	33,314	**31,653**	33,421
NET ASSETS		**29,539**	29,515	**29,432**	29,408
Equity					
Contributed equity	17	**15,503**	15,503	**15,503**	15,503
Asset revaluation reserve	18	**10,069**	10,317	**10,069**	10,317
Retained profits	19	**3,967**	3,695	**3,860**	3,588
TOTAL EQUITY		**29,539**	29,515	**29,432**	29,408

The Balance Sheet is to be read in conjunction with the notes to the financial statements.

Income Statement

For the year ended 30 June 2008

		Consolidated		Company	
	Note	**2008**	2007	**2008**	2007
		$'000	$'000	**$'000**	$'000
Revenue					
Traffic operations	4(a)	**38,342**	36,550	**38,342**	36,550
Other operating income	4(b)	**597**	758	**597**	758
Financial income	4(c)	**925**	890	**925**	890
		39,864	38,198	**39,864**	38,198
Expenses					
Traffic operations	5(a)	**(29,930)**	(28,199)	**(29,930)**	(28,199)
Engineering and maintenance services	5(b)	**(5,100)**	(4,841)	**(5,100)**	(4,841)
Administration and general	5(c)	**(5,010)**	(4,676)	**(5,010)**	(4,676)
Financial expenses	5(d)	**(124)**	(175)	**(124)**	(175)
		(40,164)	(37,891)	**(40,164)**	(37,891)
Profit / (Loss) before income tax		**(300)**	307	**(300)**	307
Income tax (expense)/ benefit	6	**41**	(123)	**41**	(123)
Profit / (loss) for the year		**(259)**	184	**(259)**	184

The Income Statement is to be read in conjunction with the notes to the financial statements.

Statement of Recognised Income and Expense

For the year ended 30 June 2008

	Note	Consolidated		Company	
		2008	2007	**2008**	2007
		$'000	$'000	**$'000**	$'000
Actuarial gains / (losses) on defined benefits plan	28	**759**	(1,363)	**759**	(1,363)
Revaluation increment attributable to assets disposed of during the year		**-**	68	**-**	68
Income tax on income and expense recognised directly in equity	19	**(228)**	409	**(228)**	409
Income and expense recognised directly in equity		**531**	(886)	**531**	(886)
Profit / (loss) for the year		**(259)**	184	**(259)**	184
Total recognised income and expense for the year	19	**272**	(702)	**272**	(702)

The Statement of Recognised Income and Expense is to be read in conjunction with the notes to the financial statements.

Cash Flow Statement

For the year ended 30 June 2008

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Cash flows from operating activities					
Cash receipts from customers		**40,707**	38,687	**40,707**	38,687
Interest received	4(c)	**925**	890	**925**	890
Cash paid to suppliers and employees		**(37,215)**	(35,280)	**(37,215)**	(35,280)
Interest paid		**(124)**	(175)	**(124)**	(175)
Net cash from operating activities	23(a)	**4,293**	4,122	**4,293**	4,122
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**103**	740	**103**	740
Acquisition of property, plant and equipment		**(6,050)**	(2,662)	**(6,050)**	(2,662)
Net cash from (used in) investing activities		**(5,947)**	(1,922)	**(5,947)**	(1,922)
Cash flows from financing activities					
Repayment of borrowings		**(2,792)**	-	**(2,792)**	-
Net cash from (used in) financing activities		**(2,792)**	-	**(2,792)**	-
Net increase (decrease) in cash and cash equivalents		**(4,446)**	2,200	**(4,446)**	2,200
Cash and cash equivalents at the beginning of the financial year		**13,446**	11,246	**13,446**	11,246
Cash and cash equivalents at the end of the financial year	23(b), 7	**9,000**	13,446	**9,000**	13,446

The Cash Flow Statement is to be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements
For the year ended 30 June 2008

1. REPORTING ENTITY

Metro Tasmania Pty Ltd (the "Company") is a Tasmanian State Owned Company domiciled in Australia. The address of the Company's registered office is 212 – 220 Main Road, Moonah, Tasmania. The consolidated financial statements as at and for the year ended 30 June 2008 comprise the Company and its subsidiary (together referred to as "Metro").

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated and Company financial reports comply with the International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board.

The financial statements were authorised for issue by the Directors on 21 August 2008.

Impact of new and revised accounting standards

In the current year Metro has adopted all of the new and revised standards and interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. These include:

- *AASB 7 Financial Instruments Disclosures* replaces the presentation requirements of financial instruments in AASB 132 and introduces new financial instruments disclosure requirements. There has been no financial impact on the financial statements.
- *AASB 2007-7 Amendments to Australian Accounting Standards* makes editorial amendments to six standards. The key change removes the encouragement in AASB 107 *Cash Flow Statements* to adopt a particular format for the cash flow statement. Metro did not intend to change any of its current accounting policies on adoption of AASB 2007-7; accordingly, there has been no financial impact on the financial statements.

New standards and interpretations not yet adopted

The following standards and amendments have been identified as those which may impact Metro in the period of initial application. They are available for early adoption at 30 June 2008, but have not been applied in preparing these financial statements:

- Revised AASB 101 *Presentation of Financial Statements* introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised standard will become mandatory for the 30 June 2010 financial statements.
- Revised AASB 127 *Consolidated and Separate Financial Statements* changes the accounting for investment in subsidiaries. Key changes include: the remeasurement to fair value of any previous/retained investment when control is obtained/lost, with any resulting gain or loss being recognised in profit or loss; and the treatment of increases in ownership interest after control is obtained as transactions with equity holders in their capacity as equity holders. The revised standard will become mandatory for the 30 June 2010 financial statements.
- Revised AASB 123 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. The revised standard will become mandatory for the 30 June 2010 financial statements.
- AASB 2007-6 *Amendments to Australian Accounting Standards Arising from AASB 123* – revised standard to be applied in reporting periods on or after 1 January 2009. Eliminates the options of expensing borrowing costs directly attributable to the construction or production of qualifying assets, instead requiring capitalisation. The transitional provisions apply for prospective application as a result there will be no retrospective financial impact on the 2009 financial statements.
- AASB 2007-8 *Amendments to Australian Accounting Standards Arising from AASB 101* – revised standard will be applied in reporting periods on or after 1 January 2009. The standard will not have a financial impact on the financial statements but will require a number of changes in disclosures.

- AASB 2008-3 *Amendments to Australian Accounting Standards Arising from AASB 3 and AASB 127* – revised standard to be applied to annual reporting periods beginning on or after 1 July 2009. The focus of the standard is to reduce alternatives in accounting for subsidiaries in consolidated financial statements and in accounting for investments in the separate financial statements of the parent. The standard will not have a material impact on the financial statements.

(b) Basis of measurement

These financial statements have been prepared on an accrual basis and are based on historical costs and do not take into account changing money values except for land, buildings and buses which are measured at fair value. The accounting policies have been consistently applied, unless otherwise stated.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is Metro's functional currency and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated under the option available under ASIC Class Order 98/100.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements have been prepared by combining the financial statements of all the entities that comprise the economic entity, being Metro Tasmania Pty Ltd (the parent entity) and its controlled entity Metro Coaches (Tas) Pty Ltd. Refer to Note 27. Consistent accounting policies have been employed in the preparation and presentation of the consolidated financial statements.

In preparing the consolidated financial statements, all inter company transactions, balances, income and expenses are eliminated in full.

(b) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except for receivables and payables that are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from the ATO, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the ATO.

(c) Revenue

Traffic operations revenue

Traffic operations revenue is recognised at the time the service is provided.

Financial income

Interest is recognised as it accrues.

Other operating income

The net gain (loss) of non current asset sales are included as income (expenses) at the date control passes to the buyer, usually when an unconditional contract of sale is signed.

The net gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and call deposits.

(e) Trade and other receivables

Trade and other receivables are recorded at nominal amounts due less any provision for impairment and are recognised on delivery of services to customers. A significant volume of Metro's operations are performed for the State Government or are received as cash fares. Accordingly, exposure to credit risk is minimal. An estimate for impairment is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(f) Assets held for sale

Assets which satisfy the criteria in AASB 5 *'Non- Current Assets Held for Sale'* are transferred to current assets and separately disclosed as assets held for sale on the face of the Balance Sheet. These assets are measured at the lower of carrying amount and fair value less costs to sell. These assets cease to be depreciated from the date which they satisfy the held for sale criteria.

(g) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to Metro prior to the end of the financial year which are unpaid. Measurement is based on the agreed purchase/ contract cost. The amounts are unsecured and are usually paid within 30 days of recognition.

(h) Borrowings

Loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

(i) Financial instruments

It is not current Metro policy to utilise derivative financial instruments as a means of managing exposure to risks.

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised and classified as set out below:

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

(j) Inventories

Inventories are valued at the lower of cost or current replacement cost which consists of bus spare parts, fuel and consumable stores.

(k) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment loss with the exception of land, buildings and the bus fleet which are independently valued at fair value.

Assets held for sale within the next twelve months are disclosed as current assets.

Depreciation

Depreciation is recognised in the income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment (excluding freehold land and the bus fleet) as follows:

Buildings	40 years
Route infrastructure	10 years
Other plant and equipment	10 years
Electronic ticketing	10 years
Information technology equipment	4 years
Auxiliary vehicles	4 years

Land is not depreciated.

The bus fleet is depreciated using the 'Fleet Depreciation Profile' with an effective life of 25 years as recommended by the independent valuer Mr R.A. van Raay FAPI, FRICS, ASA, AFAIM, CMILT, Certified Practising Valuer (P&M) of Jones Lang LaSalle as at 30 June 2007.

(l) Impairment of assets

The carrying values of tangible and intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may exceed the recoverable amount. The asset is then written down to the recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use.

(m) Intangible assets

Intangible assets are valued at fair value where an active market exists or recognised at cost where no active market exists.

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use as follows:

Licences	4 years
Computer software	4 years

(n) Leases

Lease payments for the operating leases on property where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(o) Employee benefits

Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Discount rates used reflects national government securities that closely match the terms of maturity of the related liabilities.

Compensated benefits

Annual leave

The provision for annual leave represents the amount Metro has a present obligation to pay resulting from employees' services provided up to balance date. The provision has been calculated at the amounts expected to be paid when the liability is settled and includes superannuation on-costs.

Long service leave

The provision for long service leave represents the present value of the estimated future cash outflow to be made by the employer resulting from employees' services provided up to balance date. In determining the liability for employee benefits, account has been taken of future increases in wage and salary rates, and Metro's experience with staff departures. Related superannuation on-costs also have been included in the liability.

Retirement benefits

Defined benefit superannuation plan

The State Actuary has provided actuarial calculations of the current benefit of the defined benefit liability under the Retirement Benefits Fund (RBF) for current and former employees of Metro.

The RBF is a defined benefit fund which pays lump sum and pension benefits to members upon retirement (most of which are calculated as a multiple of the member's final average salary). The RBF has Contributory members, Compulsory preserved members and Pensioners.

Actuarial gains and losses are recognised in full, directly in retained earnings, in the period in which they occur, and presented in the statement of changes in equity. Details are referred to at Note 28.

(p) Provisions

A provision is recognised when there is a present, legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

Dividends

Dividends payable are recognised in the reporting period in which they are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash. No dividend was recommended by the Board prior to the end of the current financial year or previous financial year.

(q) Income tax

The charge for current tax expense is based on the profit for the year adjusted for any non assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax is recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the income statement except where it relates to items that may be recognised directly into equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that Metro will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(r) Tax consolidation

The Company and its wholly owned Australian resident entity formed a tax consolidated group with effect from 1 July 2004 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is Metro Tasmania Pty Ltd and the subsidiary entity is Metro Coaches (Tas) Pty Ltd.

(s) Segment reporting

Metro operates bus services in Hobart, Launceston and Burnie. There are no reportable segments as the economic risks and returns in each location are similar given the Community Service Agreement with Government.

4. Revenue

	Consolidated		Company	
	2008 $000's	2007 $000's	**2008 $000's**	2007 $000's
(a) Traffic operations				
Service contracts	**28,041**	26,607	**28,041**	26,607
Ticket fares	**10,301**	9,943	**10,301**	9,943
	38,342	36,550	**38,342**	36,550
(b) Other operating income				
Profit on disposal of property, plant and equipment	**57**	181	**57**	181
Advertising income	**346**	309	**346**	309
Rental income	**74**	48	**74**	48
Other income	**120**	220	**120**	220
	597	758	**597**	758
(c) Financial income				
Interest income	**925**	890	**925**	890
	925	890	**925**	890
Total income	**39,864**	38,198	**39,864**	38,198

5. Expenses

	Consolidated		Company	
	2008 $000's	2007 $000's	**2008 $000's**	2007 $000's
(a) Traffic operations				
Fuel	**5,036**	4,225	**5,036**	4,225
Employee and related expenses	**19,898**	19,532	**19,898**	19,532
Depreciation and amortisation expenses	**2,603**	2,614	**2,603**	2,614
Other expenses	**2,393**	1,828	**2,393**	1,828
	29,930	28,199	**29,930**	28,199
(b) Engineering and maintenance services				
Maintenance expense	**2,967**	2,826	**2,967**	2,826
Employee and related expenses	**1,959**	1,875	**1,959**	1,875
Depreciation and amortisation expenses	**66**	63	**66**	63
Other expenses	**108**	77	**108**	77
	5,100	4,841	**5,100**	4,841
(c) Administration and general				
Employee and related expenses	**2,598**	2,160	**2,598**	2,160
Depreciation and amortisation expenses	**398**	373	**398**	373
Other expenses	**2,014**	2,143	**2,014**	2,143
	5,010	4,676	**5,010**	4,676
(d) Financial expenses				
Interest expense	**124**	175	**124**	175
	124	175	**124**	175
Total expenses	**40,164**	37,891	**40,164**	37,891

6. Income tax

	Consolidated		Company	
	2008 $000's	2007 $000's	**2008 $000's**	2007 $000's
(a) Income tax expense recognised in the Income Statement				
The components of tax expense comprise:				
Current tax	**-**	98	**-**	98
Deferred tax	**(84)**	5	**(84)**	5
Net gain on assets transferred from equity	**-**	20	**-**	20
Expense from previously unrecognised temporary difference / tax loss used to reduce deferred tax expense	**43**	-	**43**	-
Income tax expense/ (benefit)	**(41)**	123	**(41)**	123
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Prima facie tax/(tax benefit) on profit/(loss) from operating activities before income tax at 30% (2007: 30%)	**(90)**	92	**(90)**	92
Add tax effect of:				
Gain on assets transferred from equity	**-**	20	**-**	20
Amortisation of intangibles	**5**	5	**5**	5
Entertainment (non-deductible)	**1**	1	**1**	1
Under provision of prior year income tax	**43**	5	**43**	5
	(41)	123	**(41)**	123
(c) Numerical reconciliation of income tax expense to prima facie tax payable				
Property, plant and equipment (Note 18)	**(104)**	1,505	**(104)**	1,505
Superannuation (Note 19)	**228**	(409)	**228**	(409)
	124	1,096	**124**	1,096
(d) Current and deferred tax balances				
Assets:				
Deferred tax assets	**9,848**	10,038	**9,848**	10,038
	9,848	10,038	**9,848**	10,038
Liabilities:				
Deferred tax liability	**5,162**	5,269	**5,162**	5,269
	5,162	5,269	**5,162**	5,269
	4,686	4,769	**4,686**	4,769

2008			Consolidated		
Category	Opening balance 1 July 07 $'000	Prior year Adjustments	Recognised in Income Statement $'000	Recognised in equity $'000	Balance at 30 June 08 $'000
Superannuation	**5,470**	**-**	**218**	**(228)**	**5,460**
Revenue losses	**3,143**	**(44)**	**(165)**	**-**	**2,934**
Employee entitlements	**1,325**	**32**	**19**	**-**	**1,376**
Accrued costs	**36**	**-**	**3**	**-**	**39**
Other provisions	**-**	**-**	**5**	**-**	**5**
Prepayments	**(64)**	**-**	**(3)**	**-**	**(67)**
Inventories	**(87)**	**(32)**	**9**	**-**	**(110)**
Property, plant and equipment	**(5,054)**	**1**	**17**	**104**	**(4,932)**
Accrued income	**-**	**-**	**(19)**	**-**	**(19)**
	4,769	**(43)**	**84**	**(124)**	**4,686**

2007			Consolidated		
Category	Opening balance 1 July 06 $'000	Prior year Adjustments	Recognised in Income Statement $'000	Recognised in equity $'000	Balance at 30 June 07 $'000
Superannuation	4,890	(58)	229	409	5,470
Revenue losses	3,571	53	(481)	-	3,143
Employee entitlements	1,238	-	87	-	1,325
Accrued costs	17	-	19	-	36
Prepayments	-	-	(64)	-	(64)
Inventories	(108)	-	21	-	(87)
Property, plant and equipment	(3,640)	-	91	(1,505)	(5,054)
	5,968	(5)	(98)	(1,096)	4,769

7. Cash and cash equivalents

	Consolidated		Company	
	2008 $000's	2007 $000's	**2008 $000's**	2007 $000's
Cash at bank and on hand	**1,750**	4,031	**1,750**	4,031
Call deposit at Tascorp	**7,250**	9,415	**7,250**	9,415
	9,000	13,446	**9,000**	13,446

8. Trade and other receivables

	Consolidated		Company	
	2008 $000's	2007 $000's	**2008 $000's**	2007 $000's
Trade receivables	**713**	609	**713**	609
	713	609	**713**	609

9. Inventories

	Consolidated		Company	
	2008 $000's	2007 $000's	**2008 $000's**	2007 $000's
Inventories	**1,063**	957	**1,063**	957
Less provision for obsolescence	**(144)**	(108)	**(144)**	(108)
	919	849	**919**	849

10. Assets held for sale

	Consolidated		Company	
	2008 $000's	2007 $000's	**2008 $000's**	2007 $000's
Property, plant and equipment	**861**	67	**861**	67
	861	67	**861**	67

11. Other current assets

	Consolidated		Company	
	2008 $000's	2007 $000's	**2008 $000's**	2007 $000's
Prepayments	**696**	564	**696**	564
	696	564	**696**	564

12. Property, plant and equipment

	Consolidated					
2008	**Balance at 1 July 07 $'000**	**Additions $'000**	**Transfers/ eliminations $'000**	**Disposals $'000**	**Revaluation $'000**	**Balance at 30 June 08 $'000**
Gross carrying amount						
Land & buildings - at fair value	**12,277**	**57**	**-**	**-**	**-**	**12,334**
Route infrastructure - at cost	**2,091**	**51**	**-**	**-**	**-**	**2,142**
Office equipment - at cost	**999**	**54**	**-**	**(50)**	**-**	**1,003**
Electronic ticketing & communication equipment - at cost	**3,386**	**114**	**-**	**-**	**-**	**3,500**
Plant & equipment - at cost	**977**	**10**	**-**	**(37)**	**-**	**950**
Auxiliary vehicles - at cost	**541**	**273**	**-**	**(250)**	**-**	**564**
Buses - at fair value	**23,082**	**1,811**	**(869)**	**-**	**(352)**	**23,672**
Work in progress - at cost	**374**	**3,592**	**-**	**-**	**-**	**3,966**
	43,727	**5,962**	**(869)**	**(337)**	**(352)**	**48,131**

	Consolidated					
2007	Balance at 1 July 06 $'000	Additions $'000	Transfers/ Eliminations $'000	Disposals $'000	Revaluation $'000	Balance at 30 June 07 $'000
Gross carrying amount						
Land & buildings - at fair value	12,215	62	-	-	-	12,277
Route infrastructure - at cost	2,030	61	-	-	-	2,091
Office equipment - at cost	1,469	175	-	(645)	-	999
Electronic ticketing & communication equipment - at cost	3,450	8	-	(72)	-	3,386
Plant & equipment - at cost	1,229	14	-	(266)	-	977
Auxiliary vehicles - at cost	522	149	-	(130)	-	541
Buses - at fair value	24,359	1,688	(7,451)	(598)	5,084	23,082
Work in progress - at cost	398	505	(422)	(107)	-	374
	45,672	2,662	(7,873)	(1,818)	5,084	43,727

2008	Balance at 1 July 07 $'000	Disposals $'000	Depreciation $'000	Impairment $'000	Revaluation $'000	Balance at 30 June 08 $'000
			Consolidated			
Accumulated depreciation and impairment						
Land & buildings - at fair value	121	-	132	-	-	253
Route infrastructure - at cost	1,736	-	67	-	-	1,803
Office equipment - at cost	681	(50)	110	-	-	741
Electronic ticketing & communication equipment - at cost	3,295	-	19	-	-	3,314
Plant and equipment - at cost	697	(36)	37	-	-	698
Auxiliary vehicles - at cost	308	(203)	127	-	-	232
Buses - at fair value	-	-	2,469	(81)	-	2,388
	6,838	(289)	2,961	(81)	-	9,429

2007	Balance at 1 July 06 $'000	Disposals $'000	Depreciation $'000	Impairment $'000	Revaluation $'000	Balance at 30 June 07 $'000
			Consolidated			
Accumulated depreciation and impairment						
Land & buildings - at fair value	-	-	121	-	-	121
Route infrastructure - at cost	1,669	-	67	-	-	1,736
Office equipment - at cost	1,159	(594)	116	-	-	681
Electronic ticketing & communication equipment - at cost	3,347	(72)	20	-	-	3,295
Plant and equipment - at cost	920	(263)	40	-	-	697
Auxiliary vehicles - at cost	310	(120)	118	-	-	308
Buses - at fair value	-	(107)	2,484	(117)	(7,451)	-
	12,596	(1,156)	2,966	(117)	(7,451)	6,838

	Consolidated			
	Net Book Value		Written Down Cost	
	Balance at 30 June 07 $'000	Balance at 30 June 08 $'000	Balance at 30 June 07 $'000	Balance at 30 June 08 $'000
Land & buildings - at fair value	12,156	12,081	8,653	8,283
Route infrastructure - at cost	355	339	-	-
Office equipment - at cost	318	262	-	-
Electronic ticketing & communication equipment - at cost	91	186	-	-
Plant and equipment - at cost	280	252	-	-
Auxiliary vehicles - at cost	233	332	-	-
Buses - at fair value	23,082	21,284	7,778	7,433
Work in progress - at cost	374	3,966	-	-
	36,889	38,702		

All items of property, plant and equipment are held by the parent company.

An independent valuation of freehold land and buildings was performed as at 30 June 2006 by Mr A Pitt Dip.Val. AAPI AREI Certified Practicing Valuer of Saunders & Pitt. This valuation was performed on the basis of 'current market value in the existing use'.

An independent valuation of 'in service' buses was performed as at 30 June 2007 by Mr R.A. van Raay FAPI, FRICS, ASA, AFAIM, CMILT, Certified Practising Valuer (P&M) of Jones Lang LaSalle. The valuation was performed on the basis of 'market value for existing use'. This approach assumes that the asset could be sold in the market for its existing use.

13. Intangible assets

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Licences - at cost	64	64	64	64
Less accumulated amortisation	(50)	(33)	(50)	(33)
	14	31	14	31
Computer software- at cost	1,767	1,682	1,767	1,682
Less accumulated amortisation	(1,435)	(1,346)	(1,435)	(1,346)
	332	336	332	336
	346	367	346	367

14. Trade and other payables

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Trade creditors and accruals	3,314	2,262	3,314	2,262
Employee benefits oncosts	335	359	335	359
Intercompany	-	-	107	107
	3,649	2,621	3,756	2,728

15. Borrowings

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current:				
Tascorp borrowings	-	2,792	-	2,792
	-	2,792	-	2,792

16. Employee benefits

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current:				
Retirement benefits	4,441	4,443	4,441	4,443
Compensated benefits:				
Accrued salaries and wages	427	337	427	337
Annual leave	1,546	1,536	1,546	1,536
Long service leave	1,957	1,733	1,957	1,733
Workers compensation	47	129	47	129
	8,418	8,178	8,418	8,178
Non-current:				
Retirement benefits	13,757	13,787	13,757	13,787
Compensated benefits:				
Long service leave	560	667	560	667
	14,317	14,454	14,317	14,454
	22,735	22,632	22,735	22,632

17. Contributed equity

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Issued capital- two shares of $1 each				
Contributed equity	15,503	15,503	15,503	15,503
	15,503	15,503	15,503	15,503

18. Asset revaluation reserve

	Consolidated		Company	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Balance at beginning of financial year	**10,317**	6,785	**10,317**	6,785
Revaluation of land and buildings	**-**	-	**-**	-
Revaluation of bus fleet	**-**	5,084	**-**	5,084
Disposal of revalued buses	**-**	(68)	**-**	(68)
Deferred tax asset / (liability)	**104**	(1,484)	**104**	(1,484)
Write down of buses to recoverable amount	**(352)**	-	**(352)**	-
Balance at end of financial year	**10,069**	10,317	**10,069**	10,317

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. Where a revalued asset is sold that portion of the asset revaluation reserve which relates to that asset is transferred to retained profits.

19. Retained profits/ (losses)

	Consolidated		Company	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Balance at beginning of financial year	**3,695**	4,397	**3,588**	4,290
Net profit / (loss)	**(259)**	184	**(259)**	184
Revaluation increments(decrements) attributable to assets disposed of during the year	**-**	68	**-**	68
Actuarial gains/ (losses)	**759**	(1,363)	**759**	(1,363)
Related income tax	**(228)**	409	**(228)**	409
Balance at end of financial year	**3,967**	3,695	**3,860**	3,588

20. Commitments for expenditure

	Consolidated		Company	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Capital commitments:				
Payments within 1 year	**6,757**	4,220	**6,757**	4,220
Payments 1-5 years	**667**	4,326	**667**	4,326
	7,424	8,546	**7,424**	8,546

21. Related parties

Directors:

The following were the Board of Directors of Metro during the reporting period and unless otherwise indicated were Directors for the entire period:

Mrs Sally Denny (Chairperson)	
Mr Michael Wisby (Deputy Chairperson)	
Mrs Ketrina Clarke	(Resigned on 16 March 2008)
Mrs Janie Finlay	(Resigned on 12 October 2007)
Mr Robert Flanagan	
Ms Tracy Matthews	(Commenced on 27 November 2007)
Mr Robert Pearce	(Commenced on 3 March 2008)
Ms Lynn Mason	(Commenced on 3 March 2008)

Remuneration of Directors:

Directors fees of $82,468 (2007 $75,880) and superannuation contributions of $7,192 (2007 $6,829) were paid during the reporting period.

There were no transactions with Directors or Director related entities during the financial year.

Key management personnel compensation:

The aggregate compensation made to key management personnel of Metro is set out in the following table:

	2008 $'000	2007 $'000
Short term employee benefits	757	616
Other long term employee benefits	18	12
Post-employment benefits	67	77
Termination benefits	-	-
Equity compensation benefits	-	-
	842	705

22. Remuneration of auditors

	2008 $'000	2007 $'000
External audit services	46	53
	46	53

23. Cash flow statement

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
(a) Reconciliation of net cash flow from operating activities to operating result				
Operating profit before income tax	(300)	307	(300)	307
Add (less) non cash items:				
Depreciation	2,961	2,966	2,961	2,966
Amortisation	106	83	106	83
Loss (profit) on sale of non-current assets	(57)	(181)	(57)	(181)
Adjustment to carrying value of assets	-	300	-	300
Changes in assets and liabilities:				
(Increase) decrease in receivables	(41)	(28)	(41)	(28)
(Increase) decrease in inventories	(106)	(28)	(106)	(28)
Increase (decrease) in provision for obsolescence	36	32	36	32
(Increase) decrease in other current assets	(132)	7	(132)	7
Increase (decrease) in payables	1,027	(566)	1,027	(566)
Increase (decrease) in employee entitlements	103	2,539	103	2,539
Increase (decrease) in GST control	(63)	54	(63)	54
Changes in equity:				
Amounts recognised in equity relating to the defined benefit plan	759	(1,363)	759	(1,363)
Net cash inflow from operating activities	4,293	4,122	4,293	4,122
(b) Reconciliation of cash				
Cash at bank and on hand	1,750	4,031	1,750	4,031
Call deposit at Tascorp	7,250	9,415	7,250	9,415
Cash as per Statement of Cash Flows	9,000	13,446	9,000	13,446
(c) Credit and standby facilities				
Credit cards facility limit	20	20	20	20
Less used/committed	-	-	-	-
Balance of credit card facility available	20	20	20	20

24. Financial instruments

(a) Financial risk management policies

Metro's financial instruments consist mainly of deposits with banks, accounts receivable and payable. It is not current Metro policy to utilise derivative instruments as a means of managing exposure to risks.

Metro does not have any derivative instruments at 30 June 2008.

(i) Financial risk exposures and management

The main risks Metro is exposed to through its financial instruments are interest rate risk and credit risk.

Interest rate risk

Exposures to interest rate risk is limited to assets and liabilities bearing variable interest rates. Metro intends to hold fixed rate financial assets and liabilities to maturity.

Metro is not exposed to fluctuations in foreign currencies.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2008.

Metro does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into.

(b) Financial instrument composition and maturity analysis

	Weighted average effective interest rate		Floating interest rate		Non interest bearing		Total	
	2008 %	2007 %	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Financial assets:								
Cash at bank	**6.50**	5.22	**1,750**	4,031	**-**	-	**1,750**	4,031
Call deposit at Tascorp	**7.39**	6.39	**7,250**	9,415	**-**	-	**7,250**	9,415
Receivables	**-**	-	**-**	-	**713**	609	**713**	609
			9,000	13,446	**713**	609	**9,713**	14,055

	Weighted average effective interest rate		Floating interest rate		Fixed interest rate maturing Within 1 year		Fixed interest rate maturing 1 to 5 years		Non interest bearing		Total	
	2008 %	2007 %	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Financial liabilities:												
Borrowings	**5.89***	5.89	**-**	-	**-**	2,792	**-**	-	**-**	-	**-**	2,792
Trade creditors and accruals	**-**	-	**-**	-	**-**	-	**-**	-	**3,314**	2,262	**3,314**	2,262
			-	-	**-**	2,792	**-**	-	**3,314**	2,262	**3,314**	5,054

* Interest rate of 5.89% applies to the Tascorp loan that was repaid in March 2008. This was a fixed interest rate loan negotiated in March 2005.

Trade creditors and accruals are expected to be paid as follows:

	2008 $'000	2007 $'000
Less than 6 months	**3,314**	2,262
6 months to 1 year	**-**	-
1 - 5 years	**-**	-
	3,314	2,262

(c) Net fair values

The net fair value equals the carrying value for all financial assets and liabilities held by Metro.

The net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

	2008 $'000		2007 $'000	
	Carrying amount	Net fair value	Carrying amount	Net fair value
Financial assets:				
Cash at bank	1,750	1,750	4,031	4,031
Call deposit at Tascorp	7,250	7,250	9,415	9,415
Receivables	713	713	609	609
	9,713	9,713	14,055	14,055
Financial liabilities:				
Borrowings	-	-	2,792	2,792
Trade creditors and accruals	3,314	3,314	2,262	2,262
	3,314	3,314	5,054	5,054

(d) Sensitivity analysis

Interest rate risk

Metro has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from change in this risk.

Interest rate sensitivity analysis:

At 30 June 2008, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	2008 $'000	2007 $'000
Change in profit		
- Increase in interest rate by 2%	224	247
- Decrease in interest rate by 2%	(224)	(247)
Change in equity		
- Increase in interest rate by 2%	224	247
- Decrease in interest rate by 2%	(224)	(247)

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

No sensitivity analysis has been performed on foreign exchange risk, as Metro is not exposed to foreign currency fluctuations.

(e) Financial instruments by categories

2008	Total	Loans and receivables	Cash	Financial liabilities measured at amortised cost
	$'000	$'000	$'000	$'000
Financial assets:				
Cash at bank	1,750	-	1,750	-
Call deposit at Tascorp	7,250	-	7,250	-
Receivables	713	713	-	-
	9,713	713	9,000	-
Financial liabilities:				
Trade creditors and accruals	3,314	-	-	3,314
	3,314	-	-	3,314

	2007			
	Total	Loans and receivables	Cash	Financial liabilities measured at amortised cost
	$'000	$'000	$'000	$'000
Financial assets:				
Cash at bank	4,031	-	4,031	-
Call deposit at Tascorp	9,415	-	9,415	-
Receivables	609	609	-	-
	14,055	609	13,446	-
Financial liabilities:				
Borrowings	2,792	2,792	-	-
Trade creditors and accruals	2,262	-	-	2,262
	5,054	2,792	-	2,262

(f) Capital risk management

Metro manages its capital tightly to ensure funds are available to implement planned capital expenditure strategies. Metro is currently reviewing its long term capital expenditure program and the financing of this program.

25. Contingent liabilities

After due investigation Metro has identified no contingent liabilities.

26. Post balance date events

Metro has not identified any post balance date events requiring adjustments to the financial report.

27. Controlled entity

	Country of incorporation	Equity interest
Parent entity:		
Metro Tasmania Pty Ltd	Australia	
Controlled entity:		
Metro Coaches (Tas) Pty Ltd	Australia	100%

28. Superannuation and defined benefit plan

Employees have the choice to contribute to the Retirement Benefits Fund (RBF) or their own nominated fund. Employees may contribute to the funds at various percentages of their total salary cost.

The RBF provides both accumulation and defined benefit divisions. Eligibility to enter the defined benefit divisions ceased on 31 December 1999.

Plan information

The RBF is a defined benefit fund which pays lump sum and pension benefits to members upon retirement (most of which are calculated as a multiple of the member's final average salary). The RBF has Contributory members, Compulsory Preserved members and Pensioners.

Key assumptions

Key assumptions as at balance date and for following year expense	**30 June 2008**	30 June 2007
Discount rate:		
Gross of tax	**6.60%**	6.00%
Net of tax	**6.50%**	5.90%
Salary rate	**4.50%**	4.50%
Expected return on plan assets (net of tax)	**7.00%**	7.00%
Inflation (pensions):	**2.50%**	2.50%
Tax rate for employer contributions	**14.36% (1)**	14.29%
Tax rate for discount rate	**2.25%**	2.25%
Decrement rates	**As per Appendix C of the State Actuary Report**	As per Appendix C of the State Actuary Report

Note 1: This tax rate is based on the estimated balance of Pre-July 1988 Funding Credits balance as at 30 June 2008.

The expected return on plan assets (net of tax) has been based on the expected long term returns for each of the major asset classed in which the Plan invests.

Plan assets

Asset disclosure	**30 June 2008**	30 June 2007
Australian equities	**25%**	30%
Overseas equities	**20%**	25%
Fixed interest securities	**12%**	20%
Property	**37%**	25%
Other	**6%**	0%

Note 1: Small differences may arise due to rounding.

Balance sheet results as at 30 June 2008

Net liability	**30 June 2008**	30 June 2007
Defined benefit obligation	**$21,440,710**	$21,966,818
Contributions tax liability	**$2,612,504**	$2,604,294
Total defined benefit obligations	**$24,053,214**	$24,571,112
RBF contributory scheme assets	**($5,855,017) (1)**	($6,340,260) (2)
Deficit/(surplus)	**$18,198,197**	$18,230,853
Unrecognised past service cost	**-**	-
Unrecognised net (gain)/loss	**-**	-
Net liability / (asset)	**$18,198,197**	$18,230,853
Current net liability	**$4,441,165**	$4,443,407
Non-current net liability	**$13,757,032**	$13,787,445

Note 1: Based on unaudited accounts as at 31 March 2008, rolled forward to 30 June 2008.

Note 2: Since issuing the 30 June 2007 report, audited accounts for the RBF Contributory scheme have become available. The net assets in the audited accounts were 2.2% higher than our estimated assets. This has not been adjusted for in the previous year's figures.

Note 3: Small differences may occur in totals due to rounding of figures.

Funded status

The funding status of Metro's share of the defined benefit schemes at the reporting date, based on actuarial valuations, is summarised as follows:

Defined benefit obligations	30 June 2008	30 June 2007
Funded(1)	$6,261,086	$6,328,677
Unfunded	$17,792,128	$18,242,435
Total	$24,053,214	$24,571,112

Note 1: The contributions tax liability has been included in the unfunded portion of the defined benefit obligation.

Movement in net liability

Movements in net liabilities	30 June 2008	30 June 2007
Net liability / (asset) in balance sheet at end of prior year	$18,230,853	$16,299,289
Expense recognised in income statement	$1,472,404	$1,384,953
Amounts recognised in statement of recognised income and expense	($758,917)	$1,363,168
Actual employer contributions	($746,142)	($816,558)
Increases in liabilities due to foreign currency exchange	-	-
Increases in liabilities due to business combinations	-	-
Net liability / (asset) in balance sheet at end of year	$18,198,197	$18,230,853

Profit and loss results for year ending 30 June 2008

Expense:	30 June 2008	30 June 2007
Employer service cost	$542,379	$581,589
Contribution tax expense	$103,747	$40,976
Total employer service cost	$646,126	$622,564
Interest cost	$1,262,821	$1,150,348
Expected return on plan assets	($436,543)	($387,959)
Recognised actuarial (gains) / losses	-	-
Recognised past service cost	-	-
Curtailment / settlement (gain) / loss	-	-
Expense recognised	$1,472,404	$1,384,953

Statement of Recognised Income and Expense

Amounts recognised in statement of recognised income and expense	30 June 2008	30 June 2007
Cumulative amount of actuarial (gains) / losses at end of prior year	$1,656,883	$293,715
Actuarial (gains) / losses recognised during year ending	($758,917)	$1,363,168
Cumulative amount of actuarial (gains) / losses at end of year	$897,966	$1,656,883

Reconciliations

Fair value of plan assets:		30 June 2008	30 June 2007
Fair value plan assets at end of prior year	1	$6,340,260	$5,668,500
Estimated employer contributions	2	$746,142	$816,558
Estimated contributions tax paid	3	-	-
Estimated participant contributions	4	$237,720	$210,271
Estimated operating costs	5	$65,573	$56,824
Estimated benefit payments	6	$1,126,159	$1,222,462
Foreign currency exchange rate assets	7	-	-
Business combination assets	8	-	-
Curtailments / settlement assets	9	-	-
Expected return on assets	10	$436,543	$387,959
Expected assets at year end	11=1+2-3+4-5-6+7+8+9+10	$6,568,932	$5,804,002
Actuarial gain / (loss) on assets	12=13-11	($713,915)	$536,258
Fair value plan assets at year end	13	$5,855,017(1)	$6,340,260(2)
Estimated actual return on plan assets(3)		($321,641)	$957,691

Note 1: Based on unaudited accounts as at 31 March 2008, rolled forward to 30 June 2008.

Note 2: Since issuing the 30 June 2007 report, audited accounts for the RBF Contributory scheme have become available. The net assets in the audited accounts were 2.2% higher than our estimated assets. This has not been adjusted for in the previous year's figures.

Note 3: Fair value of Plan assets can not be reconciled using the estimated figures shown in the table above, as a number of items such as net assets, operating costs and investment returns can only be estimated using the proportion of funded liabilities for each authority compared to that of the RBF Contributory Scheme as a whole

Defined benefit obligations inclusive of contributions tax for disclosure purposes

Total defined benefit obligations		30 June 2008	30 June 2007
Total defined benefit obligations at end of prior year	14a	$24,571,112	$21,967,789
Employer service cost plus operating costs	15a	$646,126	$622,564
Interest cost	16	$1,262,821	$1,150,348
Actual participant contributions	17	$237,720	$210,271
Actual operating costs (admin + insurance)	18	$65,573	$56,824
Actual benefit payments plus contributions tax	19a	$1,126,159	$1,222,462
Foreign currency exchange rate liabilities	20	-	-
Business combinations liabilities	21	-	-
Curtailments / settlements liabilities	22	-	-
New past service costs	23	-	-
Expected defined benefit obligations at year end	24a=14a+15a+16+17-18-19a+20+21+22+23	$25,526,047	$22,671,687
Actuarial (gain) / loss on liabilities	25a	($1,472,832)	$1,899,426
Actual total defined benefit obligations at year end	26a=24a+25a	$24,053,214	$24,571,112

Note 1: These figures include contributions tax

Defined benefit obligations exclusive of contributions tax for reconciliation purposes

Defined benefit obligations (net discount rate) (1)		30 June 2008	30 June 2007
Defined benefit obligations at end of prior year	14	**$21,966,818**	$20,792,773
Employer service cost plus operating costs	15	**$542,379**	$581,589
Interest cost	16	**$1,262,821**	$1,150,348
Actual participant contributions	17	**$237,720**	$210,271
Actual operating costs (admin + insurance)	18	**$65,573**	$56,824
Actual benefit payments	19	**$1,126,159**	$1,222,462
Foreign currency exchange rate liabilities	20	**-**	-
Business combinations liabilities	21	**-**	-
Curtailments / settlements liabilities	22	**-**	-
New past service costs	23	**-**	-
Expected defined benefit obligations at year end	24=14+15+16+17-18-19+20+21+22+23	**$22,818,005**	$21,455,695
Actuarial (gain) / loss on liabilities	25	**($1,377,295)**	$511,123
Actual defined benefit obligations at year end	26=24+25	**$21,440,710**	$21,966,818

Note 1: These figures do not include contributions tax

Contributions tax		30 June 2008	30 June 2007
Defined benefit obligations at end of prior year	27	**$21,966,818**	$20,792,773
Fair value plan assets at end of prior year	28	**$6,340,260(1)**	$5,668,500(2)
Net obligation	29=27-28	**$15,626,558**	$15,124,273
Contributions tax at end of prior year	30	**$2,604,294**	$1,175,016
Contributions tax expense	31=32-30+3	**$103,747**	$40,976
Actual contributions tax paid	3	**-**	-
Expected contributions tax at year end(3)	32=(24-11) / (1-t(0)) times t(0)	**$2,708,042**	$1,215,991
Actuarial (gain) / loss on contributions tax	33=34-32	**($95,537)**	$1,388,303
Actual contributions tax at year end(3)	34=(26-13) / (1-t(1)) times t(1)	**$2,612,504**	$2,604,294

Note 1: Since issuing the 30 June 2007 report, audited accounts for the RBF Contributory scheme have become available. The net assets in the audited accounts were 2.2% higher than our estimated assets. This has not been adjusted for in the previous year's figures.

Note 2: Since issuing the 30 June 2006 report, audited accounts for the RBF Contributory scheme have become available. The net assets in the audited accounts were 2.6% higher than our estimated assets. This has not been adjusted for in the previous year's figures.

Note 3: t(0) is the tax rate for employer contributions as at 30 June 2007 or 14.29%, t(1) is the tax rate for employer contributions as at 30 June 2008 or 14.36%.

Reconciliation of actuarial (gain) / loss:		30 June 2008	30 June 2007
Unrecognised actuarial (gain) / loss at end of prior year	35	**-**	-
Actuarial (gain) / loss on assets	12(a) = (12)	**$713,915**	($536,258)
Actuarial (gain) / loss on liabilities	25	**($1,377,295)**	$511,123
Actuarial (gain) / loss on contributions tax	33	**($95,537)**	$1,388,303
Amount recognised in statement of recognised income and expense	36	**($758,917)**	$1,363,168
Immediate recognition gains/losse related to curtailment/settlement	37	**-**	-
Unrecognised actuarial (gain) / loss at end of year	38=35+12(a)+25+33-36-37	-	-

Interest cost:		30 June 2008	30 June 2007
Defined benefit obligations at end of prior year (net discount rate)	14	**$21,966,818**	$20,792,773
Actual Benefit payments	abp	**$1,126,159**	$1,222,462
Weighted for timing	51=abp / 2	**$563,080**	$611,231
Average benefit obligations	52=14-51	**$21,403,739**	$20,181,542
Discount rate	d	**5.90%**	5.70%
Calculated Interest cost	53=d times 52	**$1,262,821**	$1,150,348
Interest cost used in calculation		**$1,262,821**	$1,150,348

Expected return on assets:		30 June 2008	30 June 2007
Fair value plan assets at end of prior year	1	**$6,340,260(1)**	$5,668,500(2)
Actual employer contributions	2	**$746,142**	$816,558
Weighted for timing	54=2 / 2	**$373,071**	$408,279
Actual contributions tax paid	3	**-**	-
Weighted for timing	55=3 / 2	**-**	-
Actual participant contributions	4	**$237,720**	$210,271
Weighted for timing	56 =4 / 2	**$118,860**	$105,136
Actual operating costs (admin + insurance)	5	**$65,573**	$56,824
Weighted for timing	57=5 / 2	**$32,787**	$28,412
Actual benefit payments	6	**$1,126,159**	$1,222,462
Weighted for timing	58=6 / 2	**$563,080**	$611,231
Average expected assets	59=1+54-55+56-57-58	**$6,236,325**	$5,542,272
Assumed rate of return	r	**7.00%**	7.00%
Calculated expected return on assets	60=r times 59	**$436,543**	$387,959
Expected return on assets used in calculation		**$436,543**	$387,959

Note 1: Since issuing the 30 June 2007 report, audited accounts for the RBF Contributory scheme have become available. The net assets in the audited accounts were 2.2% higher than our estimated assets. This has not been adjusted for in the previous year's figures.

Note 2: Since issuing the 30 June 2006 report, audited accounts for the RBF Contributory scheme have become available. The net assets in the audited accounts were 2.6% higher than our estimated assets. This has not been adjusted for in the previous year's figures.

Net liability / (asset) at year end		30 June 2008	30 June 2007
Actual defined benefit obligations at year end	26	**$21,440,710**	$21,966,818
Actual contributions tax at year end	34	**$2,612,504**	$2,604,294
Total defined benefit obligation at year end	61=26+34	**$24,053,214**	$24,571,112
Actual assets at year end	13(a)=(13)	**($5,855,017)(1)**	($6,340,260)(2)
Deficit / (surplus)	62=61+13(a)	**$18,198,197**	$18,230,853
Unrecognised past service cost	50	**-**	-
Unrecognised net (gain) / loss	b	**-**	-
Net liability / (asset)	63=62-50-b	**$18,198,197**	$18,230,853

Note 1: Based on unaudited accounts as at 31 March 2008, rolled forward to 30 June 2008, and audited accounts as at 30 June 2007.

Note 2: Since issuing the 30 June 2007 report, audited accounts for the RBF Contributory scheme have become available. The net assets in the audited accounts were 2.2% higher than our estimated assets. This has not been adjusted for in the previous year's figures.

Actuarial gain/(loss) for year		30 June 2008	30 June 2007
Defined benefit obligations (net of tax, prior year assumptions)	64	**$23,094,651**	$21,343,574
Contributions tax (prior year assumptions)	65=(64-13)/(1-t0)*t0	**$2,873,127**	$1,165,618
Defined benefit obligations (net of tax, current assumptions)	26	**$21,440,710**	$21,966,818
Actual contributions tax at year end	34	**$2,612,504**	$2,604,294
Actuarial (gain)/loss for year due to assumptions	66=26+34-(64+65)	**($1,914,563)**	$2,061,920
Actuarial (gain)/loss for year due to experience	67=25+33-66	**$441,731**	($162,494)
Actuarial (gain)/loss on assets	12(a)	**$713,915**	($536,258)
Actuarial (gain)/loss for year	68=66+67+12(a)	**($758,917)**	$1,363,168

History

The amounts for the current annual reporting period and the previous four reporting periods, as required under paragraph 120(p) of AASB 119 are shown below.

	30 June 2008	30 June 2007	30 June 2006	30 June 2005	30 June 2004
Total defined benefit obligation at year end	**$24,053,214**	$24,571,112	$21,967,789	$23,637,788	$20,316,050
Actual assets at year end(1)	**($5,855,017)**	($6,340,260)	($5,668,500)	($5,320,828)	($4,853,741)
Deficit / (surplus)	**$18,198,197**	$18,230,853	$16,299,289	$18,316,960	$15,462,310
Experience adjustment on liabilities	**$441,731**	($162,494)	$158,040	($328,030)	-
Experience adjustment on assets	**$713,915**	($536,258)	($451,265)	($167,800)	-

Note 1: Based on unaudited accounts rolled forward to 30 June. Where audited accounts for the RBF Contributory scheme have subsequently become available, no adjustment has been made.

Funding and contribution information

The employer meets the cost of benefits as they emerge by paying a percentage of the benefit as it falls due, as defined in the Retirement Benefits Regulations 2005.

As at 30 June 2007, the present value of the total accrued benefits for the Contributory Scheme as a whole for the purposes of AAS 25, Financial Reporting by Superannuation Funds, was calculated to be $4,552.565 million.

Liabilities for accrued benefits	30 June 2007 $'000
Liability for the scheme as a whole	4,552,565
Net market value of scheme assets	1,649,341
Surplus/(deficit)	2,903,224

The economic assumptions used to calculate these figures were:

Assumptions	Rate % p.a.
Discount rate	7.0
Salary inflation (inclusive of promotional increases)	4.5
Rate of compulsory preserved benefit increases (AWOTE)	4.5
Rate of pension increases (CPI)	2.5

Recognition of Staff Achievements

In January 2008, Metro introduced a new training course for all bus operators – Conflict and Aggression Awareness. This course was produced in-house with the assistance of Tasmania Police and complemented the recently introduced "Passenger Code of Conduct"

During the year ending 30 June 2008 a number of Metro staff successfully completed Certificate III in Transport and Distribution. Congratulations are extended to all who completed this level of qualification.

John Hall
Frank Turnbull
John Thornley
Russell Lockett
Tracy Jones
Christian Johnson
Dale Arnold
Michael Ford
Roger Billing
David Edwards
Belinda Donald
Shane Beck
Brian Steele
Steve Bone
David Jenkins
Siegried Plischke
Anthony Johnston

Metro operates a "compliment of the month" scheme to recognise employees that deliver exceptional customer service. "Compliment of the month" recipients are selected from public commendations asking for drivers to be thanked or recognised for some act of exceptional service delivery in the eyes of that member of the public. In some months no award is issued if there are no suitable nominations from the public. In listing recipients of the "compliment of the month" award Metro wishes to acknowledge that many of its staff exhibit very high levels of customer service as part of their normal working days, but a member of the community may not take the trouble to approach Metro to nominate them for exceptional service.

The following Metro employees received "compliment of the month" award in 2007/08:

Anthony Banks

Greg Oswin

Robyn Dyke (photo unavailable)

Stephen Murphy (photo unavailable)

Providing safe, reliable and quality road passenger transport services that balance stakeholder needs and sound commercial practices.

Metro

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Charlie Bravo
DESIGN